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## Bulgaria

### Grain and Feed

### Grain and Oilseeds Update

**2005**

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**Report Highlights:**

As of January 2005, Bulgaria exported record high amount of grains and oilseeds: about 700,000 MT of wheat; 360,000 MT of barley; 330,000 MT of corn and 200,000 MT of sunflower. Some of the newly emerged wheat export markets in MY04/05 were Indonesia and Bangladesh. Current low export prices and depreciated US dollar vs local currency, however, may slow down exports in the future which is likely result in higher ending stocks, especially for wheat and sunflower. Current weather conditions (the second week of February) are of concern for the fall crops but losses still remain to be estimated by the end of the month.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Sofia [BU1]  
[BU]

<b>Weather</b> .....	<b>3</b>
<b>Production estimates</b> .....	<b>3</b>
Table #1. Production Estimates .....	4
<b>Supply and Demand Tables</b> .....	<b>4</b>
Table #2. Supply and Demand Balances, MY04/05 .....	4
<b>Trade</b> .....	<b>5</b>
Table #3. Grain and Oilseeds MY04/05 trade estimates.....	5
MY04/05 Grain and Oilseeds Trade, MT .....	5
Table #4. Bulgarian Wheat and Barley Exports by Destinations in MT, .....	6
MY 04/05, July 1-January 31, 2005 .....	6
Table #5. Bulgarian Sunflower and Corn Exports by Destinations in MT, .....	7
MY 04/05, October 1 – January 31, 2005 .....	7

## Weather

Warm and dry fall weather has led to higher mice population which affected on average about 10 percent of grain fields. On the other hand, the weather allowed farmers to perform late wheat and barley planting --- which, for the first time in recent years, --- was caused by late maturity and late harvest of spring crops rather than lack of financial resources.

Fall/early winter dryness did not negatively affect the development of fall crops since soil moisture was still good enough for their early vegetation. In addition, warm weather allowed more time for tillering before the plants were down for winter.

In January 05, the temperatures were lower (around minus 10 C) but typical for this time of the year. These temperatures slowed down early plants development and most plants became winter-hardy at the end of the month.

In February, even lower temperatures and the first abundant winter snowfall were welcomed by farmers. As of today, the snow cover in some areas (around Silistra, Lovetch, Pleven, Varna) has reached 2-3 meters (about 10 feet) height and has practically blocked villages, smaller towns and roads. However, in some other parts in Central (Stara Zagora, Sliven, Bourgas) and South Bulgaria (Plovdiv), and even in the major grain area in Dobrudja (Dobrich), the temperatures have been record low (around minus 20 C for already 7 days) with no good snow cover combined with a strong wind. The low temperatures may lead to fall crops freezing/winterkill in some fields, more with barley and less with wheat. At this point, it is not possible to estimate the potential winterkill loss. Such estimates will be available by end-February when the weather is forecast to become milder and some field observations can be made.

## Production estimates

In December, the MinAg released its first official estimates for the 2004 grain and oilseeds crop as follows:

Wheat: 3.961 MMT

Barley: 1.180 MMT

Corn: 1.890 MMT

Sunflower: 1.100 MMT

Planted areas in 2004 fall (MY2005/2006) were estimated by the MinAg at 1,068,000 HA under wheat and 231,000 HA-245,500 HA under fall barley. Usually, spring barley is planted on 20,000 MT-30,000 HA, so total barley area in MY05/06 can be estimated at 260,000 HA. Based on this planted area, the forecast for MY05/06 production is for 3.6-3.8 MMT of wheat and 700,000 MT-800,000 MT of barley, provided that there are no significant winter losses and no adverse weather until the harvest time.

The AgSofia office has revised its wheat and sunflower production estimate slightly upward based on the latest industry estimates, to 3.6 MMT and 850,000 MT, respectively. In general, Ag Sofia continues to have about 10 percent difference with the official estimates, which include industry consultation and field observations. AgSofia estimates for the planted areas in MY2005/2006 currently coincide with the official numbers.

**Table #1. Production Estimates**

<b>Grain and Oilseeds Production Estimates in MY2003/04 and MY2004/05</b>				
	Planted Crop Area, HA		Production, MT	
	MY2003/2004	MY2004/2005	MY2003/2004	MY2004/2005
Wheat	900,000 750,000 harvested	950,000	1,700,000	3,600,000
Barley	285,000 270,000 harvested	280,000	450,000	950,000
Corn	400,000	350,000	1,000,000	1,500,000
Sunflower	610,000	490,000	720,000	850,000
Note: Ag Office estimates				

**Supply and Demand Tables****Table #2. Supply and Demand Balances, MY04/05**

<b>PSD for Grain and Oilseeds, MY04/05, MT</b>				
	<b>Wheat</b>	<b>Barley</b>	<b>Corn</b>	<b>Sunflower</b>
Beginning Stocks	190,000	10,000	116,000	70,000
Production	3,600,000	950,000	1,500,000	850,000
MY Imports	0	3,000	90,000	6,000
Total Supply	3,790,000	963,000	1,706,000	926,000
MY Exports	1,100,000	370,000	400,000	300,000
Feed Consumption	900,000	350,000	900,000	40,000 (food)
Food Use Dom. Consumption	1,600,000	230,000	256,000	380,000 (crush)
Total Consumption	2,500,000	580,000	1,156,000	420,000
Ending Stocks	190,000	13,000	150,000	206,000
Total Distribution	3,790,000	963,000	1,706,000	876,000
Note: Ag Office estimates				

Wheat:

Good supply of wheat combined with low domestic and export prices have led to relatively slow exports. Due to relatively low export prices (in US dollars which have further depreciated against local currency), most farmers abstain from sales, leading to exports of less than expected volume of 1.0-1.1 MMT. Thus, ending stocks may significantly increase and further depress wheat prices in the new crop year.

## Barley:

Barley prices have been stable and according to producers expectations. Therefore, exports were smooth and it is very likely that all the exportable surplus will be actually exported. Thus, no significant ending stocks are expected.

## Corn:

Corn exports are also developing well and, similar to barley, surplus may be actually exported (300,000 MT to 400,000 MT). Thus, no unusually high stock levels are expected.

## Sunflower:

According to the MinAg, sunflower exports in MY04/05 can reach 600,000 MT (with 1.1 MMT production). Industry experts estimate potential exports at 400,000 MT. According to FAS estimates, exports are likely to be between 300,000 MT and 400,000 MT. Although sunflower farm gate prices were not as attractive in MY04/05 as in MY03/04, exports were good to date and it may continue at relatively good rate in the coming months. Exports of sunflower oil as of January 05, have reached 12,000 MT; and exports of sunmeal were about 17,000 MT. If exports continue in this way, target surplus stocks (300,000 MT to 400,000 MT) might be exported. However, ending stocks will be still higher than usual and it may depress the prices in the new crop year.

## Trade

Table #3. Grain and Oilseeds MY04/05 trade estimates

MY04/05 Grain and Oilseeds Trade, MT				
	Wheat	Barley	Corn	Sunflower
Exportable surplus	1,100,000	400,000	300,000 – 400,000	300,000 – 400,000
EU export quotas	275,000	55,000	88,000	None
Exports as of end-January, 2005	702,000	363,000	327,000	195,000

In general, grain and oilseeds exports are developing well. Due to difficult market situation on the EU market and competitive prices on the Black Sea, some new markets for Bulgarian grain emerged this year.

Wheat exports reached 702,000 MT (as of January 31), to the main destinations Spain, Indonesia and Tunisia. The new MY04/05 export destinations were Bangladesh, Indonesia and Korea.

Current wheat prices (FOB Black Sea, USD/MT) are: feed wheat- \$126-128/MT; and milling wheat – \$133-135/MT. In addition, exports as of today included small quantities of wheat flour (2,500 MT) and wheat bran (14,000 MT) traded in the region.

Barley exports reached 363,000 MT (end-January), with the major export markets Romania and Greece. The current barley prices (FOB, Black Sea) are about \$133/MT.

Corn exports amounted at 327,000 MT (end-January), destined mainly to Syria, Spain and Israel. Current corn prices (FOB, Black Sea) are about \$110/MT.

Sunflower exports are estimated at 195,000 MT with the bulk of it exported to Turkey. Current sunflower prices (FOB, Black Sea) are around \$308-310/MT; and DAF Bulgarian/Turkish border at \$333/MT.

The newest data was also released about soybean meal imports in calendar year 2004 – 91,000 MT. All imported meal was of Brazilian origin with the exception of 6,500 MT shipment of Indian origin. These imports were about 10 percent higher than in 2003. The trend is likely to be the same in 2005 and annual soybean meal imported may reach 100,000 MT.

**Table #4. Bulgarian Wheat and Barley Exports by Destinations in MT, MY 04/05, July 1-January 31, 2005**

<b>Bulgarian Wheat and Barley Exports by Destinations in MT, MY 04/05, July 1-January 31, 2005</b>			
Barley		Wheat	
Romania	75,949	Spain	214,919
Greece	59,342	Tunisia	106,809
Syria	51,172	Romania	56,458
Tunisia	50,066	Bangladesh	48,646
Libya	26,377	Morocco	45,150
Italy	23,223	Indonesia	68,498
Morocco	10,852	Korea	29,201
Israel	11,120	Greece	25,983
Cyprus	38,173	Italy	11,109
Jordan	4,624	Albania	17,915
Macedonia	3,390	Germany	3,123
Lebanon	5,683	Bosnia and Herzegovina	5,881
Albania	2,981	Turkey	6,559
		Serbia	1,000
		Syria	17,145
		Algeria	8,344
		Israel	14,463
		Macedonia	3,850
		Lebanon	5,134
		Cyprus	3,300
		Portugal	8,271
<b>Total</b>	<b>362,952</b>	<b>Total</b>	<b>701,758</b>

Source: Industry data (SGS, Customs); As of January 31, 2005

**Table #5. Bulgarian Sunflower and Corn Exports by Destinations in MT,  
MY 04/05, October 1 – January 31, 2005**

<b>Bulgarian Sunflower and Corn Exports by Destinations in MT, MY 04/05, October 1 – January 31, 2005</b>			
<b>Sunflower</b>		<b>Corn</b>	
Turkey	158,704	Spain	47,073
Greece	20,549	Italy	16,155
Lebanon	8,022	Romania	14,817
Romania	8,257	Cyprus	15,421
		Macedonia	6,450
		Libya	19,531
		Greece	2,408
		Albania	1,300
		Israel	37,403
		Syria	77,638
		Lebanon	2,920
		Tunisia	30,032
		Turkey	9,527
		Egypt	24,754
		Portugal	21,377
<b>Total</b>	<b>195,532</b>	<b>Total</b>	<b>326,806</b>

